STATE OF ARIZONA

Department of Insurance and Financial Institutions FILED September 4, 2020 by AS

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STATE OF ARIZONA DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

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In the Matter of:

COMPANY, INC.

(NAIC NO. 42897)

AMERICAN SERVICE INSURANCE

Respondent.

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No. 20A-050-INS

ORDER SUMMARILY SUSPENDING CERTIFICATE OF AUTHORITY AND NOTIFICATION OF RIGHTS

The Arizona Department of Insurance and Financial Institutions (the "Department") alleges that American Service Insurance Company, Inc. ("Respondent") has violated provisions of Arizona Revised Statutes ("A.R.S."), Title 20. In light of the serious nature of these allegations, the Director of the Department ("Director") finds that the public health, safety and welfare imperatively requires emergency action, within the meaning of A.R.S. § 41-1092.11(B).

FINDINGS OF FACT

- 1. Respondent is domiciled in Illinois and presently holds a certificate of authority issued by the Department to transact property and casualty insurance in Arizona.
- 2. Respondent's continued operation of insurance business in the State of Arizona is deemed to be hazardous to its policyholders, creditors and/or the general public for the following reasons:
 - a. Respondent filed its most recent Quarterly Report for the period ending September 30, 2018. The Report reflected a surplus in the amount of forty-six million one hundred seventy-nine three hundred nineteen dollars (\$46,179,319.00).

- b. On or about August 11, 2020, The Circuit Court of Cook County, Illinois County Department, Chancery Division ("The Circuit Court") entered an Agreed Order of Liquidation With a Finding of Insolvency against Respondent (Case No. 19 CH 7852).
- c. The Circuit Court found that "[s]ufficient cause exists for the entry of an order placing American Service ... into liquidation proceedings and providing for the liquidation of [its] property, business and affairs ... including that American Service ... [is] insolvent and in a hazardous condition".
- 3. In light of the serious nature of these allegations, the Director finds that the public health, safety and welfare of the Arizona public will be put at risk if Respondent is allowed to continue transacting property and casualty insurance in the State of Arizona.

CONCLUSIONS OF LAW

- 1. The Department may order summary suspension of a license if it makes a finding that the public health, safety or welfare imperatively requires emergency action, pursuant to A.R.S. § 41-1092.11(B).
- 2. The Director shall suspend or revoke the certificate of authority of any insurer which no longer meets the requirements for the authority originally granted, on account of deficiency in assets or otherwise, pursuant to A.R.S. § 20-219(2).
- 3. The Director may, after a hearing, refuse to renew or may revoke or suspend an insurer's certificate of authority, in addition to other grounds therefor in Title 20, if the Director finds the insurer to be in unsound condition or in such condition as to render its further transaction of insurance in this state hazardous to its policyholders or to the people of this state, pursuant to A.R.S. § 20-220(A)(3).
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4. Pursuant to A.R.S. § 20-220.01(A) the Director has considered all relevant standards in determining that the continued operation of Respondent in this state is deemed hazardous to policyholders, creditors and the general public.

ORDER

IT IS ORDERED summarily suspending the Arizona certificate of authority held by American Service Insurance Company, Inc. and, effective immediately, prohibiting the issuance of new and renewal Arizona insurance policies.

DATED AND EFFECTIVE this 4th day of September, 2020.

Evan G. Daniels, Director

Arizona Department of Insurance and

Financial Institutions

NOTIFICATION OF RIGHTS

You have the right to request a hearing on this determination by filing a notice of appeal after your receipt of this notice. The notice of appeal must identify the party appealing, the party's address, the matter being appealed and must contain a detailed statement of the reason for the appeal. Your hearing will be treated as a "contested case" and promptly instituted and determined as prescribed by A.R.S. §§ 41-1092(43), 41-1092.05(E) and 41-1092.11(B) to the extent the Office of Administrative Hearings' calendar permits. In any event, your hearing will be held within 60 days of the filing of your notice of appeal, unless the hearing is advanced or delayed by agreement or a showing of good cause by any party. The Department will serve a "Notice of Hearing" in accordance with A.R.S. § 41-

1092.05(D) that will inform you of the date, time and location of the hearing as well as the issues to be 1 determined. 2 If you file an appeal, you may also request an "informal settlement conference" pursuant to 3 A.R.S. § 41-1092.06 by filing a written request no more than twenty (20) days before the 4 scheduled hearing. The conference will be held within 15 days after our receipt of your request. If an 5 informal settlement conference is requested, a person with the authority to act on behalf of the 6 7 Department will be present. Please note that you waive any right to object to participation of the Department's representative in the final administrative decision of the matter if it is not settled. 8 9 Your notice of appeal and/or request for an information settlement conference may be addressed to the attention of: 10 Arizona Department of Insurance and Financial Institutions 11 Hearing Administration - Notice of Appeal 100 N. 15th Ave., Suite 261 12 Phoenix, Arizona 85007-2630 13 14 15 16 17 18 19 COPY of the foregoing mailed by U.S. First Class Mail and Certified Mail, Electronic Receipt Requested 20 this 9th day of September _, 2020, to: 21 American Service Insurance Company, Inc. 953 American Land, 3rd Floor 22 Schaumburg, IL 60173 9489 0090 0027 6266 7577 77 Respondent 23 **COPY** of the foregoing emailed/delivered same date to:

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	Kurt Regner, Assistant Director
2	Cary Cook, Chief Financial Compliance Officer
	Deian Ousounov, Regulatory Legal Affairs Officer
3	Liane Kido, Financial Affairs Division
	Linda Lutz, Legal Assistant
4	Arizona Department of Insurance and Financial Institutions
	100 N. 15 th Ave., Suite 261
5	Phoenix, Arizona 85007-2630
6	COPY of the foregoing delivered electronically same date to:
7	American Service Insurance Company, Inc.
	Attn: Diana Jenkins, Compliance Manager
8	compliance@atlas-fin.com
	Respondent
9	
	Lynette Evans
10	Assistant Attorney General
	AdminLaw@azag.gov
11	Attorney for the Department of Insurance
12	Ana Starcevic for
12	Francine Juarez
13	Franchie Juaiez
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